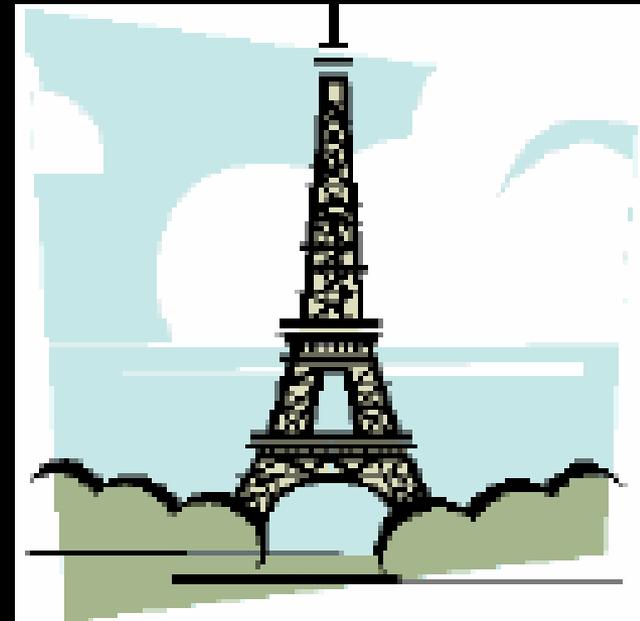


*International  
Workshop On  
Accountability In  
Science Funding*

*May 27-28, 2003*





*How Does USAID Oversee  
Awards in Developing  
Countries?*

**-By Everett L. Mosley, Inspector General,  
United States Agency for International Development,  
Washington, D.C., U.S.A.**

# ***OVERVIEW***

- ***WHAT IS USAID?***
- ***USAID ACCOUNTING FOR SCIENTIFIC RESEARCH FUNDING***
- ***USAID MANAGEMENT CONTROLS OVER RESEARCH ACTIVITIES***
- ***OVERVIEW OF USAID'S OFFICE OF INSPECTOR GENERAL***
- ***OIG OVERSIGHT OVER THE USE OF USAID FUNDS AWARDED TO VARIOUS U.S. AND FOREIGN ORGANIZATIONS***
- ***WHAT'S NEXT?***

# *WHAT IS USAID?*

- *Established in 1961 by United States Congressional Legislations*
- *Independent federal government agency that promotes long-term, equitable economic growth and advances U.S. foreign policy objectives by supporting:*
  - **Economic growth, agriculture and trade**
  - **Global health**
  - **Democracy, conflict prevention and humanitarian assistance.**

- *Provides Assistance worldwide:*



- **Africa**
- **Asia and the Near East**
- **Latin America and the Caribbean**
- **Europe and Eurasia**

- *Headquartered in Washington, D.C., has field offices that work in close partnership with:*

- **Host country governments**
- **Private voluntary organizations**
- **International agencies such as the UNDP, UNESCO, WHO, World Bank**
- **Universities**
- **Private American businesses**

*Mr. Andrew S. Natsios, the USAID Administrator, summarized USAID's mission as follows:*



*“I believe America's foreign assistance both serves to accomplish our foreign policy objectives, and expresses the deep humanitarian instincts of the American people.”*

*May 8, 2001*

# ***USAID ACCOUNTING FOR SCIENTIFIC RESEARCH FUNDING***

- *USAID's focus is on development programs of which research is an important but minor element. Nevertheless USAID funds research that promotes its development objectives.*

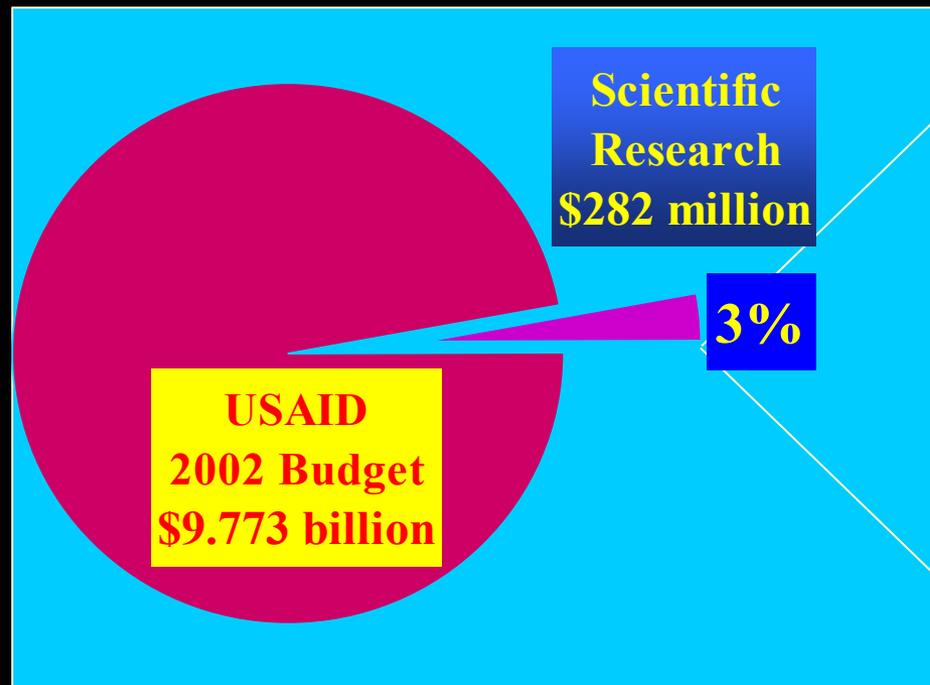
# *How Does USAID Define Scientific Research?*

- *Systematic investigation of a well-defined problem. USAID supports research activities that:*
  - **are intended to produce knowledge**
  - **offer solutions to specific development challenges**

- *USAID compiles ad hoc estimates of research funding for external reporting:*

- **Research funds are not accumulated in or tracked in one central identifiable account category**
- **Each USAID Bureau is responsible for tracking research funding**
- **Amounts included herein are estimates and have not been audited**

# *Research Funding Compared to Total USAID Budget*



# *Types of Research\**

| <b>Field of Research</b> | <b>FY 2001</b><br>(000s) | <b>FY 2002</b><br>(000s) |
|--------------------------|--------------------------|--------------------------|
| Agriculture              | \$ 63,895                | \$ 68,089                |
| Health                   | \$ 81,557                | \$ 86,911                |
| Population               | \$ 52,252                | \$ 57,550                |
| Development              | \$ 27,840                | \$ 23,100                |
| Education                | \$ 12,185                | \$ 13,421                |
| Social Sciences          | \$ 22,498                | \$ 24,779                |
| Environmental            | \$ 5,883                 | \$ 7,300                 |
| Other                    | \$ 921                   | \$ 900                   |
| Total all fields         | \$ 267,031               | \$ 282,050               |

\* These amounts are estimated.

# *Organizations Performing the Research\**

| <b>Performing Organization</b> | <b>FY 2001<br/>(000s)</b> | <b>FY 2002<br/>(000s)</b> |
|--------------------------------|---------------------------|---------------------------|
| Other Federal Agencies         | \$ 30,565                 | \$ 32,215                 |
| For-Profit Organizations       | \$ 16,150                 | \$ 20,150                 |
| Colleges and Universities      | \$ 36,641                 | \$ 41,501                 |
| Nonprofit Institutions         | \$183,475                 | \$187,984                 |
| Other                          | \$ 200                    | \$ 200                    |
| <b>Total</b>                   | <b>\$267,031</b>          | <b>\$282,050</b>          |

\* These amounts are estimated.

# *Selected Organizations that Perform Research Activities*

- **Consultative Group on International Agricultural Research (CGIAR).** This international organization, headquartered at the World Bank in Washington, D.C., funds 16 international research centers worldwide.  
*(about \$27 million per year)*
- **Collaborative Research Support Programs (CRSP)** located at nine universities throughout the U.S. These nine programs, established pursuant to Title XII – Freedom From Hunger Act in 1975 distribute funding to some 57 colleges and universities through grants.  
*(about \$23 million per year)*

- **International Fertilizer Development Center (IFDC)**

*About \$1.7 million per year*

- **Middle East Regional Cooperation Program (MERC)**

*About \$5 million per year*

- **Family Health International**

*About \$13.0 million per year*

# ***USAID MANAGEMENT CONTROLS OVER RESEARCH ACTIVITIES***

- *The Administrator*
- *Management Control Review Committee*
- *USAID Program Managers*

- *The Administrator*

- **Ensures the Agency's commitment to an appropriate system of management controls which facilitates the achievement of results and safeguards the integrity of Agency programs; and**
- **Submits an annual statement to the Office of Management and Budget (OMB) and Congress on the overall adequacy and effectiveness of USAID's management controls.**

# • *Management Control Review Committee*

- **Serves as a policy-making body in management control and audit matters**
- **Reviews and approves USAID's strategy, policies and procedures**
- **Provides oversight – identifying, correcting and reporting deficiencies**
- **Ensures appropriate follow-up action by senior management to address deficiencies**

- ***USAID Program Managers:***

- **Incorporate management controls into operational strategies, work plans and policies and procedures that govern programs and operations**
- **Ensure quality and timeliness of program implementation**
- **Manage programs with integrity and in compliance with applicable laws and regulations**
- **Evaluate effectiveness of management controls**

# ***OVERVIEW OF USAID'S OFFICE OF INSPECTOR GENERAL***

- ***Origin of the USAID OIG***

**1960s - “Auditor General” established by  
administrative decision**

**1978 - “Auditor General” established in statute  
with an amendment to the Foreign  
Assistance Act**

**1980 - “Inspector General” established at USAID**

**1981 - USAID brought under the IG Act of 1978**

# • *Inspector General Act of 1978*

- **Conduct independent audits and investigations**
- **Prevent and detect waste, fraud, and abuse**
- **Promote economy, effectiveness, and efficiency**
- **Review pending legislation and regulation**
- **Keep agency head and Congress fully and currently informed**

- *IG Reports*



- **Audit, and Investigation Reports**

- **Semiannual Reports**

# *OIG Organization*

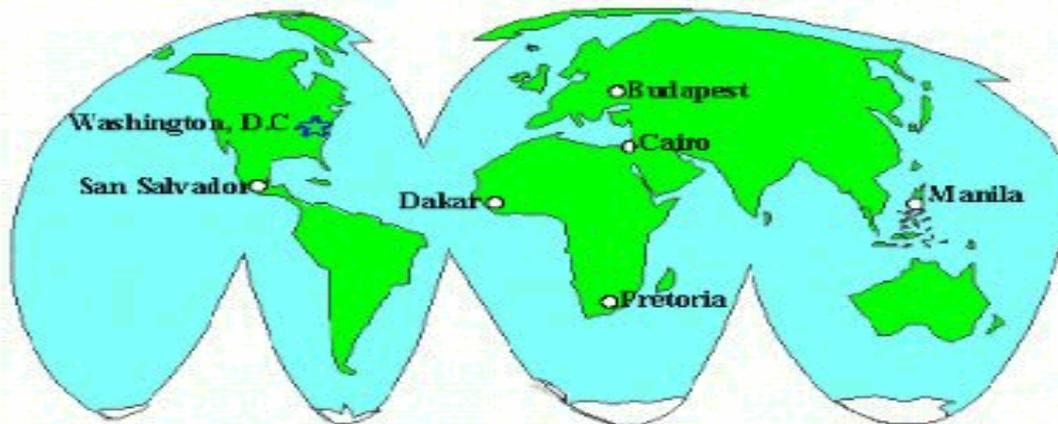




The United States Agency for International Development

# Office of Inspector General

***Everett L. Mosley, Inspector General***

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Welcome to the U.S. Agency for International Development, Office of Inspector General (OIG) web page. The OIG is a dynamic, proactive, and responsive organization serving the American public. The OIG operates under the [Inspector General Act of 1978](#), as amended. Major responsibilities of the OIG are to detect and prevent fraud, waste, and abuse, and violations of law and to promote economy, efficiency and effectiveness in the operations of the Agency for International Development. The OIG provides oversight services for the [Inter-American Foundation](#) and the [African Development Foundation](#), and upon request, to the Overseas Private Investment Corporation.

# *OIG Staff Allocations*

- *Civil Service (CS) Positions: 48 percent*  
**TOTAL: 95**
- *Foreign Service (FS) Positions: 52 percent*
  - **Headquarters: 44**
  - **Overseas: 57**
  - TOTAL: 101**

*All CS positions are assigned to Washington.*

# ***AUDIT***

## ***The Mission Of Audit***

- **To assist USAID, ADF and IAF:**
  - **in maintaining accountability**
  - **in complying with applicable laws and regulations**
  - **by providing information to management, Congress,  
and the public**

# ***INVESTIGATIONS***

## ***The Mission Of Investigations***



**Detect and prevent fraud, waste and abuse in USAID,  
ADF and IAF programs and operations**

# *USAID Hotline*

- **Purpose is to receive complaints of fraud, waste or abuse in USAID, ADF and IAF programs and operations**
- **Complaints may be submitted by phone, mail, or email and can be anonymous**



# ***OIG OVERSIGHT OVER THE USES OF USAID FUNDS AWARDED TO VARIOUS U.S. AND FOREIGN ORGANIZATIONS***

## ***U.S. Organizations:***

- **OMB A – 133 audits for U.S. based grantees**
- **DCAA for U.S. based Contractors**

## ***Foreign Recipients***

- **Recipient Contracted Audit Program**

# *Recipient Contracted Audit Program*



- **\$300,000 threshold**
- **Firms approved by OIG**
- **OIG verifies audit quality**

## *\$300,000 Threshold*



- **Annual Audits**
- **Reports due 9 months after year-end**
- **USAID missions develop annual audit plans**
- **OIG may initiate audits regardless of award amounts**

## *Firms Approved By OIG*



- **Regional lists of approved audit firms**
- **Preference to firms affiliated with U.S. firms**
- **Site visits and firm approval questionnaire**

# *Audit Quality*



- **Desk Reviews**
- **Quality Control Reviews**
- **Training**

## *Expanding Accountability*



**Since October 2002 the OIG has:**

- Conducted financial management training in 11 countries and trained about 700 individuals**
- Conducted training on fraud awareness in 19 countries for over 1479 individuals**

# *OIG Anticorruption Efforts*

## **OIG efforts to stem anticorruption included**

- **An OIG presentation to about 200 participants in Mexico on the importance of education in anticorruption programs**
- **OIG participation in the 7<sup>th</sup> Annual Tokyo International Audit Forum in Japan**
  - **Sponsored by Supreme Audit Institution of Japan**

# *RCA Guide Translations*

- **Directives pour effectuer des Audits Financiers des Bénéficiaires Etrangers assistés par l'USAID**
- **Guías para Auditorías Financieras Contratadas por Beneficiarios del Exterior**

## *Examples of Significant Findings Relating to Research Activities*

- **An audit of a rice research program in Egypt identified questioned costs totaling about \$498,000**
- **An audit of a private sector family and reproductive health system program identified \$72,000 in questioned and unsupported costs**
- **An audit of a communicable disease control program in Thailand identified \$32,000 in questioned costs**

# *WHAT'S NEXT?*

- *Consistent Reporting Format*
- *Audit Guidelines*
- *Program management and control procedures*
- *Establish an awards database to facilitate exchange of information to prevent duplication of efforts.*

# *QUESTION AND ANSWER SESSION*

